DRAFT

**Direct Loan Servicing System
Detail Design
Direct Loan Simplification (CDS Retirement)
Executive Summary**

Direct
Loans
William D. Ford Federal Direct Loan Program

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6 **E.S** **SUMMARY**
7
8 The purpose of this document is to describe the functions, requirements, and design needed to
9 be supported within Loan Servicing after CDS is retired.
10
11 **Background**
12
13 In 1993, Affiliated Computer Services Government Solutions Group, Inc. (ACS GSG),
14 formerly known as Computer Data Systems, Inc. (CDSI), was selected as the primary
15 contractor to establish and maintain a separate database dedicated to servicing the Direct
16 Student Loan Program. Teaming partners include AFSA Data Corporation (AFSA), Andersen
17 Consulting, Digital Equipment Corporation and Deloitte & Touche.
18
19 In 1998, the Office of Student Financial Assistance (SFA) was formed as the first federal
20 Performance-Based Organization (PBO). SFA, as a PBO, is dedicated to providing
21 outstanding customer service while simplifying, integrating, and reducing the cost of
22 administering the federal student financial assistance program. These goals are documented in
23 the Modernization Blueprint, Customer Service Task Force, and the Five Year Performance
24 Plan.
25
26 In 1999, SFA selected Andersen Consulting and a core team of pre-existing contractors as its
27 Modernization Partner. This group was charged with improving the service level provided by
28 SFA, while reducing the overall cost of operations.
29
30 **Overview of CDS Retirement**
31
32 In support of the objectives documented in the Modernization Blueprint, the Modernization
33 Partner, in conjunction with SFA resources, identified CDS as a component of the Direct Loan
34 system infrastructure that could be retired without negatively affecting the program.
35
36 CDS was originally designed to support multiple Loan Servicers by managing the flow of
37 transactions between the Loan Originators and the various Servicers. Even though the
38 Department decided to postpone and then cancel multiservicer processing, CDS was retained
39 as the router for the Direct Loan system.
40
41 CDS provides the link between Loan Originators (LO)/Consolidators (LC) and Loan Servicers
42 (LS). CDS accommodates all Direct Loans independent of the origination source or servicer.
43 It accepts and processes updates to Direct Loan data from Loan Servicing and Loan
44 Originators. In addition to serving as a central repository of certain student loan information,
45 CDS also performs processing functions such as file transfers, online processing, accounting,
46 reconciliation, and reporting. CDS interfaces with several entities including Loan Originators,
47 Loan Servicers, the Internal Revenue Service (IRS), Electronic Debit Account (EDA) Vendors,

1	the Postsecondary Education Participant System (PEPS), and the Financial Accounting and
2	Reconciliation System (FARS).
3	
4	CDS has primary responsibility for twelve main functions, including the primary functions of
5	ordering incoming transactions from Direct Loan interfaces, performing approximately 1,800
6	edits on incoming data, and routing outgoing data to the appropriate interface. The complete
7	list of twelve functions includes:
8	
9	● Order of Incoming Transactions
10	● Edits
11	● Data Stores and Transformation
12	● EDA
13	● Delinquency Reporting
14	● Transaction Routing
15	● Routing LO/LC Cash Transactions and Drawdowns
16	● Income Contingent Repayment (ICR) Waivers
17	● School File
18	● System Balancing
19	● Interface Support
20	● LO/LS Images
21	
22	For the requirements of CDS Retirement, each of the twelve main functions was analyzed to
23	determine the specific processes CDS performs and the business reasons behind each function.
24	The processes were then compared to functionality existing in other Direct Loan system
25	components in order to determine whether each function needed to be re-platformed and which
26	interface should take ownership of the function. This analysis included multiple Joint
27	Application Design (JAD) sessions with EDS (Loan Consolidation and Loan Origination) and
28	ACS (Servicing). Representatives from all three components described their current
29	processing cycle including the functions currently performed and the impact of incorporating
30	the CDS functions into their existing operations. The product of the functional analysis and
31	JAD sessions was a detailed set of requirements, provides sample screens and reports where
32	necessary, and identifies the new owner of the functionality.
33	
34	Two of the twelve functions are functionally unchanged by the elimination of CDS. Both the
35	ICR Waiver and LO/LS Images processes will continue as is after CDS Retirement. In both of
36	these processes, the only role CDS performed was transaction routing. Since Transaction
37	Routing is a separate functional area that will be incorporated into the remaining Direct Loan
38	subsystems, no specific requirements are required for ICR Waiver and LO/LS Images.
39	
40	The remaining ten functions are described in this detailed design document in terms of their
41	functional and system requirements; technical analysis for implementing the functionality into
42	the Servicing system; and an analysis of the affected letters, statements, notices, transaction
43	layouts, reports, screens, deliverables, and programs and modules.
44	